

Pursuant to a notice duly filed with the Town Clerk, a meeting of the Concord Retirement Board was held on Tuesday, May 24, 2016 at 8:30 a.m. at the Town House.

Present: **Peter J. Fulton, Chairman, Elected**
 Mary M. Barrett, Ex Officio
 Anthony T. Logalbo, Appointed
 Brian J. Whitney, Elected
 Arnold D. Roth, 5th Member, Appointed

Also Present: **Linda A. Boucher, Retirement Administrator**
 Wendy Rovelli, Finance Committee Observer
 Lawrence B. Stone, Actuary, Stone Consulting, Inc.
 Colin Egar, Actuary Assistant, Stone Consulting, Inc.

Chairman Peter Fulton opened the meeting at 8:40 a.m.

The Board unanimously approved the April 26, 2016 meeting minutes.

The Board unanimously approved the June 30, 2016 retiree payroll as follows:

Payroll –

Pension \$484,812.05 – 789.74 + 570.40 = \$484,592.71

Annuity \$108,483.68 – 420.46 + 303.68 = \$108,366.90

Total Payroll: \$593,295.73 – 1,210.20 + 874.08 = \$592,959.61

The Board unanimously approved the following operating expenses:

Russell Invest. Quarterly management fee – Invoice #53238

Equity I Fund:

	Average	Rate:	Fee Amount
69 basis points	Market Value		
	\$16,930,029	0.17250	29,204.00

International Equity Fund

	Average	Rate:	Fee Amount
86 basis points	Market Value		
	\$6,894,036	0.21500	14,822.00

Total Investment Management Fee:	44,026.00	\$44,026.00
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Comerica Bank Invoice #421732 – Custodial Banking Service

Columbia Equity Fund

Gross Market Value

50,000,000.00	@ 0.0004 each annually x ¼	5,000.00
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6,336,472.26	@ 0.0002 each annually x ¼	<u>316.82</u>
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56,336,472.26		5,316.82
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37.5207080281% of 5,316.82 (based on 21,137,843.27)	\$1,994.91	\$ 1,994.91
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Comerica Bank Invoice #422112 – Custodial Banking Service

Columbia Fixed Income

Gross Market Value

50,000,000.00	@ 0.0004 each annually x ¼	5,000.00
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6,336,472.26	@ 0.0002 each annually x ¼	<u>316.82</u>
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56,336,472.26		5,316.82
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51.5051125958% of 5,316.82 (based on 29,016,163.47)	\$2,738.43	
Wire transfers sent: 3 @ 17.00 each	<u>\$ 51.00</u>	
Total services:	\$2,789.43	\$ 2,789.43

Bank of America	Analysis Invoice #16040089616	\$ 393.96
Town of Concord	Reimb. temp. staff w/e 04/15 – 05/06/2016; tel. chg.	\$ 3,354.43

Columbia Threadneedle Invoice 115042 – **Equity - #208549574**

41.47 bps	Period End	
	Market Value	
	2,000,000.00 @ 0.0075 annually x ¼	\$ 3,750.00
	8,000,000.00 @ 0.005 annually x ¼	\$10,000.00
	<u>12,009,636.31 @ 0.003 annually x ¼</u>	<u>\$ 9,007.23</u>
	22,009,636.31	\$22,757.23

Base Fee	<u>63.00</u>
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Total Investment Advisory Services	\$22,820.23	\$22,820.23
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Columbia Threadneedle Invoice #115041 - Fixed Income - #208553057

10.125 bps	Period End	
	Market Value	
	27,256,363.91 @ 0.0013 annually x ¼	\$9,199.02

Discount @ (25.00)%	<u>(2,299.76)</u>	
Total Investment Advisory Services	\$6,899.26	\$ 6,899.26

Pension Tech. Group	Employee Self-Service Module – implementation	<u>\$ 2,150.00</u>
Total expenses:		\$84,428.22

The Board unanimously approved the following 3(8)(c) reimbursement:

Worcester Regional Ret.	Bonnie Shields	<u>\$ 891.55</u>
Total:		\$ 891.55

The Board was provided with the following list of investment transactions:

BUY/ SELL	Settle Date	Trade Face	Ticker/Coupon/ Maturity	Sec Desc	CUSIP (Aladdin ID)	Trade Price	Yield	Moody Rating	S&P Rating
BUY	5/2/2016	107,000.00	CAG 3.200 01/25/2023	CONAGRA FOODS INC	205887BR2	101.075	3.02	Baa2	BBB-
SELL	5/2/2016	-74,000.00	T 1.625 02/15/2026	TREASURY NOTE	912828P46	97-30	1.86	Govt	AA+
SELL	5/3/2016	-85,607.70	GMALT_15-1-A2 1.100 12/20/2017	GMALT_15-1	38013PAB5	99-31 3/4	1.12	Aaa	NR
SELL	5/3/2016	-120,000.00	HAROT_15-3-A3 1.270 04/18/2019	HAROT_15-3	43814MAC1	100-08 7/8	1.12	Aaa	NR
SELL	5/3/2016	-37,000.00	USB 2.950 07/15/2022	US BANCORP	91159JAA4	102.697	2.47	A1	A-
BUY	5/3/2016	73,000.00	USB 3.100 04/27/2026	US BANCORP	91159HHM5	100.391	3.05	A1	A-
SELL	5/5/2016	-30,000.00	SNI 3.500 06/15/2022	SCRIPPS NETWORKS INTERACTIVE	811065AF8	102.769	2.99	Baa3	BBB

BUY	5/5/2016	25,000.00	T 1.625 04/30/2023	TREASURY NOTE	912828R28	99-27+	1.65	Govt	AA+
BUY	5/9/2016	25,000.00	TRICN 3.350 05/15/2026	THOMSON REUTERS CORP	884903BV6	99.57	3.4	Baa2	BBB+
SELL	5/5/2016	-25,000.00	T 1.625 02/15/2026	TREASURY NOTE	912828P46	97-31 5/8	1.85	Govt	AA+
SELL	5/4/2016	-108,000.00	T 1.500 03/31/2023	TREASURY NOTE	912828Q29	99-06+	1.62	Govt	AA+
BUY	5/4/2016	108,000.00	T 1.625 04/30/2023	TREASURY NOTE	912828R28	100-00	1.62	Govt	AA+
SELL	5/4/2016	2,185,000.00	T 1.250 03/31/2021	TREASURY NOTE	912828Q37	99.717416	1.31	Govt	AA+
BUY	5/4/2016	2,185,000.00	T 1.375 04/30/2021	TREASURY NOTE	912828Q78	100-10	1.31	Govt	AA+
SELL	5/6/2016	-65,000.00	ABIBB 3.300 02/01/2023	ANHEUSER-BUSCH INBEV FINANCE INC	035242AL0	104.355	2.58	A3	A-
BUY	5/6/2016	50,000.00	ABIBB 3.650 02/01/2026	ANHEUSER-BUSCH INBEV FINANCE INC	035242AP1	105.423	2.99	A3	A-
BUY	5/9/2016	100,000.00	TRICN 3.350 05/15/2026	THOMSON REUTERS CORP	884903BV6	100.366	3.31	Baa2	
SELL	5/9/2016	-100,000.00	T 1.625 02/15/2026	TREASURY NOTE	912828P46	98-18	1.79	Govt	AA+
SELL	5/9/2016	-44,000.00	ABIBB 3.300 02/01/2023	ANHEUSER-BUSCH INBEV FINANCE INC	035242AL0	104.215	2.6	A3	A-
BUY	5/9/2016	30,000.00	ABIBB 3.650 02/01/2026	ANHEUSER-BUSCH INBEV FINANCE INC	035242AP1	105.225	3.01	A3	A-
BUY	5/13/2016	70,000.00	RF 3.200 02/08/2021	REGIONS FINANCIAL CORP	7591EPAK6	101.269	2.91	Baa3	BBB
SELL	5/13/2016	-70,000.00	T 1.375 04/30/2021	TREASURY NOTE	912828Q78	100-26 1/4	1.2	Govt	AA+
BUY	5/16/2016	35,000.00	ED 2.000 05/15/2021	CONSOLIDATED EDISON INC	209115AC8	99.939	2.01	A3	BBB+
SELL	5/16/2016	-35,000.00	T 1.375 04/30/2021	TREASURY NOTE	912828Q78	100-29 1/8	1.19	Govt	AA+
SELL	5/18/2016	-341,300.00	T 1.625 02/15/2026	TREASURY NOTE	912828P46	98-28+	1.75	Govt	AA+
BUY	5/18/2016	341,000.00	T 1.625 05/15/2026	TREASURY NOTE	912828R36	99-00	1.73	Govt	AA+
BUY	5/24/2016	50,000.00	SO 3.250 07/01/2026	SOUTHERN CO	842587CV7	99.638	3.29	Baa2	BBB+
SELL	5/24/2016	-50,000.00	T 1.625 05/15/2026	TREASURY NOTE	912828R36	98-00 3/8	1.84	Govt	AA+
BUY	5/25/2016	90,000.00	WFC 5.900 12/31/2049	WELLS FARGO & COMPANY	949746RG8	103.25	5.4	Baa2	BBB
SELL	5/25/2016	-65,000.00	T 1.625 05/15/2026	TREASURY NOTE	912828R36	97-27+	1.86	Govt	AA+

The Board unanimously approved the following new members:

Name	Unit	Department	Position	Hire Date	Group
Daniel Cortes	School	CPS	Bldg. Svc Worker	04/04/2016	1
Cord West	School	CPS	Blds. Svc Worker	03/23/2016	1
Brad Eberhardt	School	CCRSD	Vocational Tutor	05/02/2016	1
Joseph Walter	Town	Fire	Firefighter/EMT	04/04/2016	4

The Board unanimously approved the following new retirement:

Name	Unit	Department	Position	Retirement Date	Service
Paul DiBacco	School	CPS/CCRSD	Bld. Svc. Worker	06/29/2016	26.6666

The Board unanimously approved the following refunds/rollovers:

Name	Unit	Department	Position	Amount	Service
Christopher Furtado	School	CCRSD	Custodian	\$19,175.39	5.9167
To IRS:				\$ 4,793.85	

Allison Brake	School	CPS	District Accountant	\$25,515.54	4.0000
Direct Rollover to NFS, LLC					

The Board acknowledged there were no transfers to another system:

Name	Unit	Department	Position	Amount	Service
None					

Deaths:

Dale Cronan – born May 24, 1940. He became a member of the Concord Retirement System on October 7, 1996 as the Assistant to the Superintendent of the Concord Municipal Light Department. Dale came to Concord after a 33 year career with Boston Edison. He served the community for more than 10 ½ years before retiring on August 24, 2013. He passed away on May 18, 2016 at the age of 76.

Richard Flynn- born September 17, 1929. He became a member of the Concord Retirement System on October 23, 1948 a Laborer in the Roads and Bridges Department. Richard was later transferred to the light department as a Lineman, Grade 3. He served the community for over 43 years before retiring on September 1, 1992. Richard passed away on April 25, 2016 at the age of 86.

Asset allocation and market value:

Tony Logalbo reviewed the asset allocation and market values at April 30, 2016 with the Board. He noted that April was a slightly positive month with combined assets (retirement system assets and the Town's Pension Reserve Fund) returning a positive 0.39%. To date, however, May has been a down month – which is very similar to market performance one year ago.

Inflows include member deductions and equivalents (transfers in from another system) and are fairly equal to the outflows, therefore, changes to market value are a fair representation of investment return but not exact.

Asset value at April 30, 2016 is \$135 million (market value). The PRIT Fund manages approximately 42% of retirement system assets with 37% invested in the PRIT Core Fund.

The town's pension reserves will aid in meeting the Annual Required Contributions (ARC) for Fiscal Year 2017.

Actuarial Valuation:

Larry Stone, actuary with Stone Consulting, Inc., provided the Board with preliminary results of the January 1, 2016 actuarial valuation. Larry noted that the preliminary results show a net actuarial asset loss in calendar year 2015. However, the recognition of deferred gains resulted in an actuarial value increase of 8.5%. For the one-year period ended December 31, 2016, market value of assets increased by 0.3%.

The first methodology used in the January 1, 2016 valuation is a 7.25% interest rate and a 4.0% ultimate salary assumption (3.0% inflation and 1.0% other increases); the RP2000 Mortality Table projected with Generational Mortality, Scale BB and a 3.0% annual cost-of-living adjustment on the first \$12,000 of annual retirement benefits. The length of the funding schedule contained in the January 1, 2016 actuarial valuation is 13 years and the amortization of the unfunded liability is set to increase by 2.00% annually.

By reducing the interest rate assumption to 7.00%, the actuarial accrued liability increased by \$15.8 million.

Tony Logalbo noted that he would be inclined to take the actuarial assumed rate of return down to 7.00%. He realizes by doing so there will be an added cost, but, he anticipates the budgetary capacity to absorb the additional cost. The 7.00% interest factor will increase the actuarial assumed liability by \$4.4 million. It will also increase the net normal cost by \$241k and the present value of future benefits by \$7.1 million but it will keep the funding schedule on track for 2030.

MOTION:

Tony Logalbo motioned to adopt a 7.00% actuarial assumed rate of return, maintain the 2030 funding target and to increase the amortization of the unfunded liabilities by 2.00% annually. Arnold Roth seconded the motion. **Voted unanimously.**

PERAC:

The Board was notified of the following PERAC Memo: PERAC Memo 16/2016 – Chapter 77 of the Acts of 2016, An Act Further Regulating Survivors' Pension Benefits and Qualified Domestic Relations Orders.

COLA –**MOTION:**

Motion was made by Tony Logalbo and seconded by Brian Whitney, to grant a 3.0% cost-of-living adjustment on the first \$12,000 of annual retirement benefits to all eligible retirees effective July 1, 2016. **Voted unanimously.**

MACRS Spring Conference:

The Massachusetts Association of Contributory Retirement Systems is hosting their annual spring conference in Hyannis between Saturday, June 4 and Wednesday, June 8, 2016. Mary Barrett expressed in interest in attending the Trustees Educational Seminar on June 4 and June 5. Peter Fulton, Linda Boucher and Brian Whitney plan to attend the regular conference session June 5, - June 8. The estimated cost of attendance for 4 people is \$2750.00. Registration fees in the amount of \$1,170.00 approved for payment on the April 2016 expense warrant.

MOTION:

Tony Logalbo motioned to approve a budget for travel in the amount of \$2,750.00 for accommodations, meals and mileage for three attendees at the MACRS Conference and one attendee at the Trustee's Educational Conference. Brian Whitney seconded the motion.

Voted unanimously.

There being no further business before the Board it was upon motion made and duly seconded that the meeting adjourned at 10:50 a.m.

Peter J. Fulton, Chairman, Elected

Mary M. Barrett, Ex Officio

Anthony T. Logalbo, Appointed

Brian J. Whitney, Elected

Arnold D. Roth, 5th Member, Appointed